

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 DRC-01

/173 W

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R 261400Z SEP 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3501

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USEC BRUSSELS UNN

AMEMBASSY DUBLIN

USMISSION GATT GENEVA

AMEMBASSY THE HAGUE

/AMEMBASSY LONDON 6416

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

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E.O. 11652: N/A

TAGS: EAGR/FR; EC

SUBJECT: FRENCH VIEWS ON SOYBEAN SITUATION

EMBASSIES AND MISSIONS PASS AGRICULTURAL ATTACHES

STATE PASS AGRICULTURE

SUMMARY: ALTHOUGH RELIEVED TO SEE END OF EXPORT CONTROLS ON SOY-
BEANS, FRENCH CONTINUE TO EXPRESS GREAT CONCERNS ABOUT FUTURE.
THEY WORRY ABOUT CONTINUING FRENCH DEPENDENCE ON US SOYBEANS FOR
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ANIMAL FEED PROTEIN AND FEAR REIMPOSITION OF CONTROLS SOMETIME IN

FUTURE. THEY CONTINUE TO PRESS FOR SOYBEAN PRODUCTION IN FRANCE THROUGH EC SUBSIDIZATION. END SUMMARY.

1. THIS MESSAGE REPORTS CURRENT ATTITUDES IN FRANCE ON THE SOY-BEAN SITUATION NOW THAT US EXPORT CONTROLS ARE BEING TERMINATED.

2. THERE IS NO EVIDENCE THAT THERE WERE ACTUAL SHORTAGES OF SOY-BEAN MEAL DURING PERIOD OF CONTROLS TO EITHER FRENCH FEED DEALERS OR LIVESTOCK PRODUCERS. EARLIER THIS SUMMER THE FRENCH ADMINISTRATION FOR POLITICAL REASONS WAS GREATLY CONCERNED ABOUT SHORTAGE OF SOY-BEANS TO SOJA FRANCE WHICH OPERATES THE ONLY LARGE SOYBEAN PROCESSING PLANT IN FRANCE. THIS PLANT IS LOCATED IN BRITTANY. THE PRESIDENT OF SOJA FRANCE TOLD AGATT THIS WEEK THEY HAD NO SHORTAGES AND HAD FULFILLED ALL THEIR CONTRACTS FOR SOYBEAN MEAL, BUT WITH SOY-BEANS BOUGHT FROM BRAZIL. HE ADDED, HOWEVER, THEIR DEPENDENCE ON BRAZILIAN RATHER THAN ON US SOYBEANS DURING THIS PERIOD WAS NOT GENERALLY KNOWN TO THEIR CUSTOMERS.

3. THERE IS GENERAL AGREEMENT THAT THERE SHOULD BE NO PROBLEMS FOR THE 1973-74 MARKETING SEASON IF PRESENT US CROP FORECASTS ARE REALIZED. HOWEVER, SERIOUS QUESTIONS AND DOUBTS REMAIN ABOUT THE FUTURE. THERE ARE FEARS THAT IF CORN PRICES REMAIN AT PRESENT LEVELS, US

SOYBEAN ACREAGE WILL DROP IN 1974. FOR THE LONGER TERM MANY BELIEVE THAT RISING DEMANDS FOR PROTEIN WILL EXCEED US CAPABILITIES TO PRODUCE SOYBEANS ESPECIALLY IF THERE ARE NO BREAKTHROUGHS IN AVERAGE YIELDS.

4. THE FNSEA (THE FRENCH FARMERS' UNION) TOGETHER WITH THE MAJOR CEREAL AND OIL PRODUCER ASSOCIATIONS ARE PUTTING CONTINUAL PRESSURE ON FRENCH GOVERNMENT TO FIND MEANS TO DEVELOP FRENCH PRODUCTION OF SOYBEANS AND OTHER NEW SOURCES OF PROTEIN FOR ANIMAL FEED. THEY STRONGLY SUPPORT FRENCH EFFORTS TO OBTAIN EC-CAP REGULATIONS THAT WOULD SUBSIDIZE PRODUCTION OF SOYBEANS. THE FRENCH CORN PRODUCERS' ASSOCIATION IN THEIR ANNUAL MEETING LAST WEEK BOTH IN RESOLUTIONS AND IN SPEECHES STRESSED THEIR GREAT CONCERN THAT THE DEPENDENCE OF EUROPEAN LIVESTOCK PRODUCERS ON THIRD COUNTRIES FOR THEIR PROTEIN NEEDS BE DIMINISHED.

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5. FRENCH FEED INDUSTRY LEADERS AS WELL AS GOVERNMENT OFFICIALS READILY ACKNOWLEDGE THAT FRENCH EFFORTS TO INCREASE PRODUCTION OF SOYBEANS AND OTHER PROTEIN SOURCES CAN HAVE ONLY A SMALL IMPACT ON FRENCH NEEDS. THE MAXIMUM SOYBEAN PRODUCTION OF 100,000 HECTARES FORESEEN AS POSSIBLE WITHIN PERHAPS FIVE YEARS, THEY SAY CAN ACCOUNT FOR NO MORE THAN 10 PERCENT OF FRENCH PROTEIN NEEDS. AND THIS PRODUCTION WILL COME ONLY WITH GUARANTEED PRICES. OTHER PROTEIN

SOURCES SUCH AS HORZE BEANS ARE BELIEVED TO HAVE LITTLE POTENTIAL FOR GROWTH, AND SYNTHETIC SOURCES ARE BELIEVED TO BE TOO EXPENSIVE. AT PRESENT. THUS, THEY FORESEE THAT THEY ARE "CONDEMNED" TO A CONTINUING HEAVY DEPENDENCE ON US SOYBEANS, AND THEY FEAR REIMPOSITION OF CONTROLS, AND/OR A RENEWEL OF THE HIGH PRICES EARLIER THIS YEAR. THEY ALSO FEAR REPETITION OF THIS YEAR'S EXPERIENCE WHEN THEY ALLEGE. BECAUSE OF OUR DECISION TO FILL LARGE ORDERS FROM USSR AND PRC, OUR SUPPLIES WERE RUN DOWN TO POINT WHERE NOT ALL OF EC'S NEEDS COULD BE MET.

6. ARCHAMBAUD, DIRECTOR-GENERAL OF THE FRENCH COOP FEED COMPOUND MANUFACTURERS' ASSOCIATION, CONTACTED AGATTACHE OFFICE FOLLOWING LAST WEEKS MEETING OF VARIOUS EC FARM GROUPS IN BRUSSLES TO EXPRESS HIS CONCERN ABOUT FUTURE SOYBEAN SITUATION. HE STRESSED THAT FOR DOMESTIC POLITICAL REASONS, TO QUIET FARM GROUPS, THE GOF MUST CONTINUE TO PUSH FOR EC SUBSIDIZATION OF FRENCH SOYBEAN PRODUCTION. HE URGED THAT US SHOULD ACCEPT THISFACT WITHOUT STRONG PROTEST BECAUSE OF THE LIMITED POTENTIAL FOR FRENCH PRODUCTION. ACRHAMBAUD AND OTHERS IN FEED INDUSTRY PERHAPS FEAR THAT THEY MAY BE CAUGHT IN MIDDLE OF US-FRENCH DISPUTES ON EC SOYBEAN POLICIES. HE PROPOSED THAT US CONSIDER AN EXPORT TAX OR ANOTHER MEANS, IF NECESSARY , TO MAINTAIN A STABLE EXPORT PRICE LEVEL AT A MODERATELY HIGH LEVEL AND THUS KEEP RETURNS TO US SOYBEAN PRODUCERS AT A HIGH ENOUGH LEVEL TO ENCOURAGE NEEDED PRODUCTION OF SOYBEANS. THROUGH THIS PROPOSAL HE HOPES TO PROMOTE SOME FORM OF AN INTERNATIONAL COMMODITYARRANGEMENT.

IRWIN

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